

**Enersource Hydro Mississauga  
2010 IRM3 Application  
Rates Effective January 1, 2010  
EB-2009-0193  
Board Staff Interrogatories**

**3<sup>rd</sup> quarter GDP-IPI September 30, 2009 available after December 1, 2009**

**1. Tab B Page 4 Paragraph 11**

Enersource Hydro Mississauga ("Enersource") proposes that the price escalator, the Canada Gross Domestic Product Implicit Price Index (the GDP-IPI) be updated with data for the period October 2008 to September 2009 (3<sup>rd</sup> quarter) for rates to be effective January 1, 2010. Enersource believes that this update should be available in a reasonable amount of time to issue a rate order.

Historically the Board has updated the annual GDP-IPI after February month end for rates effective May 1, two months prior to the effective date.

- a) Board staff expects that the availability of data for October 2008 to September 2009 will be at the beginning of December 2009. On what basis does Enersource believe this is a reasonable amount of time?
- b) Does Enersource have any contingency plan should a decision and order not be available prior to January 1, 2010?
- c) Has Enersource considered any other alternative periods (i.e. July 2008 to June 2009, 2<sup>nd</sup> Quarter 2009) for the calculation of the price escalator, and any financial impacts?

**2. Tab B Page 4 Paragraph 11**

Enersource has not included in its Manager's summary any proposal for the potential change in their stretch factor as included in the calculation of the Price Cap Index. Currently the Board includes in IRM applications a proxy stretch factor of Group II or 0.4%. The 2010 benchmarking exercise and assignment of stretch factors has not been completed as of the date of these interrogatories and may not be available before January 1, 2010.

- a) How does Enersource propose the Board consider handling changes to stretch factors for decisions and orders issued post January 1, 2010 should such an event occur?

**3. Tab B Page 4 Paragraphs 12 thru 16**

By Enersource requesting the updated 2009 3<sup>rd</sup> quarter resultant price cap index (PCI) being applied as 8/12's (eight twelve's), the applicant in essence proposes that the 2009 PCI of 1.18% essentially continue for the "overlap" period of January 1, 2010 to April 30, 2010. For the subsequent year 2011, Board staff understands that Enersource proposes to apply the full increment of the 2010 3<sup>rd</sup> quarter resultant PCI. This proposal could constructively result in the overlap period of the 2009 3<sup>rd</sup> quarter PCI being eliminated. The consequences of such elimination could be financially harmful either to the customer or to the shareholder.

- a) Would Enersource please confirm or clarify Board staff's understanding?
- b) If correct, would Enersource agree that the potential for financial harm resulting from overlap elimination exists in their proposed methodology? Please explain why or why not.
- c) Has Enersource considered as an alternative reversing 4/12's (four twelve's) of the 2009 PCI of 1.18% and applying the full value of the 2009 3<sup>rd</sup> quarter PCI? What would be the effect of such an alternative?
- d) Has Enersource considered as an alternative applying the sum of the last three quarters (March, June and September 2009) PCI's divided by three and then applying 8/12's? What would be the effect of such an alternative?
- e) Would Enersource's shareholders consider compensating their customers for any negative impacts of an overlap inequity should that event occur? Should a materiality level be set?
- f) Should Enersource's shareholders be compensated if the impact of any overlap inequity favours the customer? Should a materiality level be set?

## **Low Voltage**

### **4. IRM3 Rate Generator Sheet” C3.1 Curr Low Voltage Vol Rt”**

For the 2010 IRM process, as outlined in Chapter 3 of the Board’s “Filing Requirements for Transmission and Distribution Applications” (the “Filing Requirements”) issued July 22<sup>nd</sup>, 2009, applicants are required to identify their Low Voltage rate adder included in their re-based cost of service application. Further these rates are to be identified separately on their 2010 Tariff of Rates and Charges.

- a) Enersource has not entered any Low Voltage rate adders in the above noted input sheet. Please provide the rate adders as applied in the applicant’s re-based cost of service application (EB-2007-0706).
- b) If Enersource does not have any Low Voltage rate adders, please explain why not? Please include any documented evidence to support non-existence of rate adders.
- c) If Enersource does not in fact have Low Voltage rate adders as evidenced by question 2 above, does Enersource wish to apply for Low Voltage rates?

## **Revenue Cost Ratio Adjustment**

### **5 Tab B Page 4 Paragraphs 12 thru 16**

Enersource submits that, pursuant to the Settlement Agreement from its 2008 Cost of Service Rate Application, EB-2007-0706, negotiated among the intervenors of record and Enersource, and which was approved by the Board on January 4, 2008, all parties agreed on the current customer class cost allocation ratios.

- a) Has Enersource examined the revenue cost ratio adjustments proposed in the 2010 IRM Supplemental Filing module in respect to the adjustment to Transformer Ownership Allowance (“TOA”) and the impact to affected customers?
- b) If the application of the TOA adjustment is found to be significant, would Enersource entertain an opportunity to adjust current customer class cost allocation?

## **Deferral and Variance Account Recovery**

### **6 Deferral and Variance Account Work Form**

On July 31, 2009 the Board issued its Report of the Board; Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR). The report requires applicants whose Group 1 (as defined in the report) variance accounts exceed a disposition threshold of \$0.001/kWh to apply for a rate rider to dispose of Group 1 variance accounts.

- a) Has Enersource examined the Deferral and Variance Account Work Form and the impact to affected customers?
- b) If the application of the Deferral and Variance Account recovery is found to be in excess of the value threshold of \$0.001/kWh, would Enersource consider the amendment of its application to introduce a deferral account rate rider to enact disposition of Group 1 accounts?